

HOUSE BILL 1204

M3

2lr2541
CF SB 798

By: **Delegates Mizeur, Holmes, Bobo, Carr, Frick, Frush, Healey, Hubbard, Hucker, Luedtke, McHale, McIntosh, Morhaim, Niemann, Reznik, B. Robinson, S. Robinson, Stein, F. Turner, and Washington**

Introduced and read first time: February 10, 2012

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 16, 2012

CHAPTER _____

1 AN ACT concerning

2 **The Marcellus Shale Safe Drilling Study Fee and Performance Bond Act**

3 FOR the purpose of altering the amount of a certain performance bond; authorizing
4 the Department of the Environment to adopt certain regulations to alter the
5 minimum amount of a certain performance bond; requiring certain owners of a
6 certain gas interest in certain areas of the State to file a certain notice with the
7 Department in accordance with certain requirements; requiring certain owners
8 of a certain gas interest in certain areas of the State to pay to the Department a
9 certain amount of money on or before certain dates under certain
10 circumstances; establishing certain grounds for the denial of a certain permit;
11 requiring the Department to deposit certain funds and penalties in the Oil and
12 Gas Fund; requiring a certain amount of money in the Oil and Gas Fund to be
13 used for a certain study; requiring the Department to make a certain refund
14 under certain circumstances; authorizing the Department to impose a certain
15 administrative penalty under certain circumstances; authorizing the
16 Department to use certain funds for certain purposes; authorizing the
17 Department and the Department of Natural Resources to enter into certain
18 agreements for certain purposes; declaring the intent of the General Assembly;
19 providing for the application of certain provisions of law; making stylistic
20 changes; defining certain terms; altering certain definitions; and generally
21 relating to gas and oil wells and gas interests.

22 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Environment
2 Section 14–102, 14–111(a) and (b), 14–116, 14–117, 14–118, 14–122, and 14–123
3 Annotated Code of Maryland
4 (2007 Replacement Volume and 2011 Supplement)

5 BY adding to
6 Article – Environment
7 Section 14–113.1 and 14–120.1
8 Annotated Code of Maryland
9 (2007 Replacement Volume and 2011 Supplement)

10 Preamble

11 WHEREAS, The Marcellus Shale is an underground rock formation that
12 contains natural gas and underlies New York, Pennsylvania, Ohio, West Virginia, and
13 Western Maryland; and

14 WHEREAS, Hydraulic fracturing is a method of extracting natural gas from
15 shale formations by injecting large quantities of water, sand, and chemicals at high
16 pressure deep into the ground, fracturing the rock, releasing the natural gas, and
17 allowing it to flow to the well; and

18 WHEREAS, Exploration for and production of natural gas from shale
19 formations in neighboring states have resulted in water, livestock, and crop
20 contamination, well blowouts, fires, severe injuries and fatalities, releases of methane
21 and drilling wastes, and forest fragmentation; and

22 WHEREAS, In 2011, the U.S. Environmental Protection Agency (EPA) reported
23 drinking water contamination in Wyoming and the occurrence of earthquakes in Ohio
24 associated with the storage of natural gas drilling wastes from wells drilled using the
25 natural gas extraction method known as hydraulic fracturing; and

26 WHEREAS, The U.S. Department of Energy, EPA, New York State, and the
27 State of Maryland are individually studying the economic and environmental impacts
28 of the natural gas drilling method known as hydraulic fracturing; and

29 WHEREAS, In March 2011, the Maryland House of Delegates passed House
30 Bill 852 which would have required the Maryland Department of the Environment
31 (MDE) and the Department of Natural Resources (DNR) to jointly convene an advisory
32 commission and undertake a study of the extraction of natural gas from shale
33 formations in the State; and

34 WHEREAS, In June 2011, the Governor signed an executive order establishing
35 the Marcellus Shale Safe Drilling Initiative to assist State policymakers and
36 regulators in determining whether and how gas production from the Marcellus Shale
37 in Maryland can be accomplished without unacceptable risks of adverse impacts to
38 public, health, safety, and the environment; and

1 WHEREAS, the Marcellus Shale Safe Drilling Initiative study is being
2 implemented by MDE and DNR, in consultation with an advisory commission
3 established under the June 2011 executive order; and

4 WHEREAS, The Maryland Marcellus Shale Safe Drilling Initiative study is
5 required to be completed by August 2014; and

6 WHEREAS, Part I of the Maryland Marcellus Shale Safe Drilling Initiative
7 study was issued in December 2011 and recommended, in part, the General Assembly
8 impose a per acre fee on gas leases to fund the studies required under the June 2011
9 executive order; and

10 WHEREAS, Completion of the Maryland study is dependent on funding for
11 DNR and MDE; and

12 WHEREAS, The revenue requirements of DNR and MDE are outlined in Part I
13 of the Report of the Marcellus Shale Safe Drilling Initiative study; and

14 WHEREAS, The critical funding for DNR and MDE will support the study of
15 baseline requirements, including regional water quality and quantity, assessing
16 specific stream data, and gathering regional mapping and survey data; and

17 WHEREAS, DNR and MDE report that at least 2 years of study for the baseline
18 requirements is necessary to fully understand the magnitude of variations caused by
19 different weather and seasonal events; and

20 WHEREAS, ~~Any unused funds will fund~~ Completion of the Maryland study
21 requires funding of State research relating to the practice of hydraulic fracturing for
22 natural gas in shale formations and the release of methane and other hydrocarbons
23 into the atmosphere, and also the relationship of this drilling method to climate
24 change concerns; and

25 WHEREAS, Lacking a dedicated funding source, the study required by the
26 Maryland Marcellus Shale Safe Drilling Initiative will fail to be completed; now,
27 therefore,

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
29 MARYLAND, That the Laws of Maryland read as follows:

30 **Article – Environment**

31 14–102.

32 (a) In this subtitle the following words have the meanings indicated.

1 (b) “Coalbed methane” means methane and any other gaseous substance
2 occurring in or produced from a coal seam or related, associated, or adjacent rock
3 materials.

4 (c) “County” includes Baltimore City unless otherwise indicated.

5 (d) “Department” means the Department of the Environment.

6 (e) “Field” means the general area [underlaid] **UNDERLAIN** by one or more
7 pools.

8 (f) “Fund” means the Oil and Gas Fund.

9 (g) “Gas” means all natural gas, **NATURAL GAS LIQUIDS**, and other fluid
10 hydrocarbons, not defined as oil, which are produced from a natural reservoir.

11 **(G-1) (1) “GAS INTEREST” MEANS THE RIGHT TO EXPLORE FOR GAS ON,
12 OR PRODUCE GAS FROM, REAL PROPERTY.**

13 **(2) “GAS INTEREST” DOES NOT INCLUDE A FEE SIMPLE INTEREST
14 IN THE SURFACE RIGHTS OF REAL PROPERTY REGARDLESS OF WHETHER THE
15 FEE INTEREST INCLUDES THE MINERAL RIGHTS.**

16 **(G-2) “MARCELLUS SHALE” MEANS A MIDDLE DEVONIAN-AGE,
17 BLACK, LOW-DENSITY, CARBONACEOUS SHALE THAT:**

18 **(1) OCCURS THROUGHOUT THE ALLEGHENY PLATEAU REGION
19 OF THE NORTHERN APPALACHIAN BASIN; AND**

20 **(2) UNDERLIES PARTS OF GARRETT COUNTY, ALLEGANY
21 COUNTY, AND WASHINGTON COUNTY.**

22 **(G-3) “NATURAL GAS LIQUIDS” MEANS COMPONENTS OF NATURAL
23 GAS THAT ARE LIQUID AT THE SURFACE IN FIELD FACILITIES OR
24 GAS-PROCESSING PLANTS.**

25 (h) “Oil” means crude petroleum oil and other hydrocarbons, regardless of
26 gravity, which are produced at the wellhead in liquid form, except **NATURAL GAS
27 LIQUIDS OR** liquid hydrocarbons known as distillate or condensate recovered or
28 extracted from gas.

29 (i) “Owner” means the person who has the right to drill into and produce
30 from a pool, or to store in a pool, and appropriate the oil or gas the person produces or
31 stores either for the person or others.

1 (j) "Person" means [any individual, corporation, association, partnership,
2 receiver, trustee, executor, administrator, guardian, fiduciary, or other representative
3 of any kind]:

4 (1) THE FEDERAL GOVERNMENT, THE STATE, A COUNTY, A
5 MUNICIPAL CORPORATION, OR ANY OTHER POLITICAL SUBDIVISION OF THE
6 STATE, OR ANY OF THEIR UNITS;

7 (2) AN INDIVIDUAL, A RECEIVER, A TRUSTEE, A GUARDIAN, AN
8 EXECUTOR, AN ADMINISTRATOR, A FIDUCIARY, OR A REPRESENTATIVE OF ANY
9 KIND; OR

10 (3) A PARTNERSHIP, A FIRM, AN ASSOCIATION, A PUBLIC OR
11 PRIVATE CORPORATION, OR ANY OTHER ENTITY.

12 (k) "Pool" means an underground reservoir containing a common
13 accumulation of oil, gas, or both.

14 (l) "Producer" means the owner of a well capable of producing oil, gas, or
15 both.

16 (m) "Product" means any commodity produced in its natural state by an oil or
17 gas well.

18 (n) (1) "Production" means the act or process of producing oil or gas from
19 a natural reservoir.

20 (2) "Production" does not include the sale or distribution of oil or gas.

21 (o) (1) "Underground storage" means the storing of gas or oil in a
22 geological stratum beneath the surface of the earth.

23 (2) "Underground storage" includes the injection of gas or oil into and
24 withdrawal from an underground storage reservoir and any other operation necessary
25 for or convenient to the storage of gas or of oil.

26 (p) "Underground storage reservoir" means the stratum and subsurface area
27 that are used or are to be used for or in connection with the underground storage of
28 gas or of oil.

29 14-111.

30 (a) Every holder of a permit to drill for gas or oil shall:

31 (1) Submit a completion report on forms to be supplied by the
32 Department within 30 days after the drilling of a well has been completed;

1 (2) Submit cutting samples at the request of the Department;

2 (3) Notify the Department when a well is about to be abandoned;

3 (4) Seal and plug the well in a manner approved by the Department;

4 (5) Post a performance bond to the State in the amount [not to exceed
5 \$100,000] **OF AT LEAST \$50,000** for each [oil or gas] **GAS OR OIL** well, [and not to
6 exceed \$500,000 as a blanket bond for all of the permit holder's oil or gas wells,] with
7 good and sufficient surety, as provided in subsection (d)(1) of this section, conditioned
8 upon compliance with the provisions of this subtitle, **INCLUDING PROPER SEALING**
9 **AND PLUGGING OF THE GAS OR OIL WELL AND RECLAMATION OF THE SITE;**

10 (6) Obtain and keep in effect liability insurance coverage in [an] **THE**
11 amount [not less than] **OF AT LEAST \$300,000** for each person and \$500,000 for each
12 occurrence or accident to pay damages for injury to persons or damage to property
13 caused by the drilling, production operations, or plugging of all of the permit holder's
14 gas or oil wells in the State; and

15 (7) Notify the Department of the location of the equipment required by
16 regulation for the prevention and containment of gas leaks and oil spills.

17 (b) The Department may adopt regulations to increase the [minimum]:

18 (1) **MINIMUM AMOUNT OF THE PERFORMANCE BOND REQUIRED**
19 **UNDER SUBSECTION (A)(5) OF THIS SECTION; AND**

20 (2) **MINIMUM** amounts of liability insurance coverage under
21 subsection (a)(6) of this section.

22 **14-113.1.**

23 (A) **THIS SECTION APPLIES TO A GAS INTEREST IN REAL PROPERTY**
24 **THAT:**

25 (1) **IS LOCATED IN AN AREA OF THE STATE UNDERLAIN BY THE**
26 **MARCELLUS SHALE; AND**

27 (2) **WAS ACQUIRED AFTER JANUARY 1, 2007, AND BEFORE**
28 **AUGUST 1, ~~2014~~ 2013, OR BEFORE COMPLETION OF THE STUDY REQUIRED**
29 **UNDER EXECUTIVE ORDER 01.01.2011.11 ISSUED ON JUNE 6, 2011, BY THE**
30 **GOVERNOR, WHICHEVER IS EARLIER.**

1 (B) ON OR BEFORE JULY 1, 2012, OR WITHIN 30 DAYS AFTER
2 ACQUIRING THE GAS INTEREST, WHICHEVER IS LATER, AN OWNER THAT
3 ACQUIRES A GAS INTEREST FOR THE PURPOSE OF DRILLING FOR NATURAL GAS
4 SHALL FILE A NOTICE WITH THE DEPARTMENT IDENTIFYING:

5 (1) EACH PARCEL, DESCRIBED BY METES AND BOUNDS OR OTHER
6 RECOGNIZED DEED DESCRIPTION, ON WHICH THE OWNER HAS A GAS INTEREST;

7 (2) A STATEMENT OF THE TOTAL ACREAGE OF THOSE PARCELS;
8 AND

9 (3) A MAP SHOWING THOSE PARCELS.

10 (C) (1) (I) EACH OWNER OF A GAS INTEREST THAT WAS ACQUIRED
11 AFTER JANUARY 1, 2007, AND BEFORE JULY 1, 2012, SHALL PAY TO THE
12 DEPARTMENT A FEE IN ACCORDANCE WITH SUBPARAGRAPH (II) OF THIS
13 PARAGRAPH.

14 (II) ~~1.~~ ON OR BEFORE AUGUST 1, 2012, OR WITHIN 60
15 DAYS AFTER ACQUIRING THE GAS INTEREST, WHICHEVER IS LATER, EACH
16 OWNER OF A GAS INTEREST SHALL PAY TO THE DEPARTMENT A FEE IN AN
17 AMOUNT EQUAL TO ~~\$10~~ \$15 PER ACRE OF THE TOTAL ACREAGE REPORTED
18 UNDER SUBSECTION (B) OF THIS SECTION.

19 ~~2. ON OR BEFORE AUGUST 1, 2013, EACH OWNER OF~~
20 ~~A GAS INTEREST SHALL PAY TO THE DEPARTMENT A FEE IN AN AMOUNT EQUAL~~
21 ~~TO \$10 PER ACRE OF THE TOTAL ACREAGE REPORTED UNDER SUBSECTION (B)~~
22 ~~OF THIS SECTION.~~

23 (2) (I) EACH OWNER OF A GAS INTEREST THAT WAS ACQUIRED
24 AFTER JULY 1, 2012, AND BEFORE AUGUST 1, 2013, SHALL PAY TO THE
25 DEPARTMENT AN ANNUAL FEE ON OR BEFORE AUGUST 1, OR WITHIN 60 DAYS
26 AFTER ACQUIRING THE GAS INTEREST, WHICHEVER IS LATER, IN AN AMOUNT
27 EQUAL TO \$10 PER ACRE OF THE TOTAL ACREAGE REPORTED UNDER
28 SUBSECTION (B) OF THIS SECTION A FEE IN ACCORDANCE WITH SUBPARAGRAPH
29 (II) OF THIS PARAGRAPH.

30 (II) WITHIN 60 DAYS AFTER ACQUIRING THE GAS INTEREST,
31 EACH OWNER OF A GAS INTEREST SHALL PAY TO THE DEPARTMENT A FEE IN AN
32 AMOUNT EQUAL TO \$15 PER ACRE OF THE TOTAL ACREAGE REPORTED UNDER
33 SUBSECTION (B) OF THIS SECTION.

34 ~~(3) EXCEPT AS PROVIDED IN SUBSECTION (1)(3) OF THIS~~
35 ~~SECTION, A FEE MAY NOT BE ASSESSED AFTER AUGUST 1, 2014, OR AFTER THE~~

~~1 COMPLETION OF THE STUDY REQUIRED UNDER EXECUTIVE ORDER
2 01.01.2011.11 ISSUED ON JUNE 6, 2011, BY THE GOVERNOR, WHICHEVER IS
3 EARLIER.~~

4 (D) FAILURE TO FILE THE NOTICE REQUIRED UNDER SUBSECTION (B)
5 OF THIS SECTION WHEN DUE, OR FAILURE TO PAY THE AMOUNT REQUIRED
6 UNDER SUBSECTION (C) OF THIS SECTION WHEN DUE, MAY BE GROUNDS FOR
7 DENIAL OF A PERMIT TO EXPLORE FOR OR PRODUCE GAS FROM FORMATIONS
8 UNDER THE PARCEL.

9 (E) AN OWNER MAY NOT PASS THE PAYMENT OF FEES REQUIRED UNDER
10 SUBSECTION (C) OF THIS SECTION TO, OR RECOVER THE FEES FROM, THE
11 PERSON THAT OWNS THE SURFACE RIGHTS OF THE PROPERTY.

12 (F) IF THE FEE UNDER SUBSECTION (C) OF THIS SECTION HAS BEEN
13 PAID TO THE DEPARTMENT, THE FEE MAY NOT BE ASSESSED AGAINST AN
14 OWNER THAT SUBSEQUENTLY ACQUIRES A GAS INTEREST IN THAT PARCEL.

15 (G) THE DEPARTMENT SHALL DEPOSIT THE MONEY COLLECTED UNDER
16 THIS SECTION INTO THE FUND ESTABLISHED IN § 14-122 OF THIS SUBTITLE.

17 (H) A PERSON THAT VIOLATES THIS SECTION IS SUBJECT TO THE
18 ENFORCEMENT MECHANISMS PROVIDED IN §§ 9-334 THROUGH 9-340 OF THIS
19 ARTICLE.

20 (I) (1) ~~AFTER AUGUST 1, 2014, OR AFTER~~ COMPLETION OF THE
21 STUDY REQUIRED UNDER EXECUTIVE ORDER 01.01.2011.11 ISSUED ON JUNE 6,
22 2011, BY THE GOVERNOR, ~~WHICHEVER IS EARLIER,~~ THE DEPARTMENT SHALL
23 COMPARE THE ACTUAL COSTS OF THE STUDY WITH THE MONEY COLLECTED
24 UNDER SUBSECTION (B) OF THIS SECTION.

25 (2) IF THE ACTUAL COST OF THE STUDY IS LESS THAN THE
26 AMOUNT PAID UNDER SUBSECTION (C) OF THIS SECTION, THE DEPARTMENT
27 SHALL REFUND THE DIFFERENCE, PRORATED BY ACREAGE, TO THE OWNERS
28 WHO PAID A FEE.

29 ~~(3) IF THE ACTUAL COST OF THE STUDY IS MORE THAN THE
30 AMOUNT PAID UNDER SUBSECTION (C) OF THIS SECTION, EACH OWNER THAT
31 FILED A NOTICE UNDER SUBSECTION (B) OF THIS SECTION SHALL PAY, WITHIN
32 90 DAYS AFTER WRITTEN NOTIFICATION BY THE DEPARTMENT, AN AMOUNT
33 DETERMINED BY THE DEPARTMENT, PRORATED BY ACREAGE, TO FULLY FUND
34 THE COST OF THE STUDY.~~

1 **(A)** Any person adversely affected by any rule, regulation, determination, or
2 order of the Department may within 15 days after its effective date apply to the
3 Department in writing for a rehearing. The application shall be acted upon within 15
4 days after its filing. The rehearing, if granted, shall be held promptly.

5 **(B) THIS SECTION DOES NOT APPLY TO ANY ACTION OF THE**
6 **DEPARTMENT AUTHORIZED UNDER § 14–113.1 OF THIS SUBTITLE.**

7 14–117.

8 **(a)** Except as provided in § 14–105 of this subtitle, any person aggrieved by
9 any action of the Department may apply to the circuit court of the county in which the
10 person resides or the well is located for review of its decision. Any other interested
11 party may intervene. The Department may become a party to the appeal. The case
12 shall be docketed at once but may not take precedence over any other civil cause,
13 action, or proceeding on the docket. The court shall hear the proceedings de novo,
14 determine all matters of law and fact without a jury, and render its decision
15 approving, setting aside, or modifying the Department’s action.

16 **(b)** Any party aggrieved by the final decision of the court may appeal to the
17 Court of Special Appeals.

18 **(C) THIS SECTION DOES NOT APPLY TO ANY ACTION OF THE**
19 **DEPARTMENT AUTHORIZED UNDER § 14–113.1 OF THIS SUBTITLE.**

20 14–118.

21 **(A)** Upon application of the Department, verified by oath or affirmation, the
22 circuit court of the county where the well is located, sitting in equity, may by
23 injunction enforce compliance with, or restrain the violation of any order, notice, rule
24 or regulation made under the provisions of this subtitle or restrain the violation or
25 attempted violation of any of the provisions of this subtitle.

26 **(B) THIS SECTION DOES NOT APPLY TO ANY VIOLATION OCCURRING**
27 **UNDER § 14–113.1 OF THIS SUBTITLE.**

28 14–120.1.

29 **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE DEPARTMENT**
30 **MAY IMPOSE AN ADMINISTRATIVE PENALTY ON A PERSON THAT FAILS TO FILE**
31 **THE NOTICE REQUIRED UNDER § 14–113.1(A) OF THIS SUBTITLE WHEN DUE, OR**
32 **FAILS TO PAY THE AMOUNT REQUIRED UNDER § 14–113.1(B) OF THIS SUBTITLE**
33 **WHEN DUE.**

34 **(B) A PENALTY IMPOSED ON A PERSON UNDER THIS SECTION SHALL BE:**

1 **(1) UP TO \$10,000 PER DAY, CALCULATED FROM THE DATE ON**
2 **WHICH COMPLIANCE IS REQUIRED; AND**

3 **(2) ASSESSED WITH CONSIDERATION GIVEN TO:**

4 **(I) THE SIZE OF THE PARCEL;**

5 **(II) THE EXTENT TO WHICH THE EXISTENCE OF THE**
6 **VIOLATION WAS KNOWN TO THE VIOLATOR BUT UNCORRECTED BY THE**
7 **VIOLATOR; AND**

8 **(III) THE EXTENT TO WHICH THE CURRENT VIOLATION IS**
9 **PART OF A RECURRENT PATTERN OF THE SAME OR SIMILAR TYPE OF VIOLATION**
10 **COMMITTED BY THE VIOLATOR.**

11 **(C) AN OWNER MAY NOT PASS THE PAYMENT OF ADMINISTRATIVE**
12 **PENALTIES IMPOSED UNDER THIS SECTION TO, OR RECOVER THE PENALTIES**
13 **FROM, THE PERSON THAT OWNS THE SURFACE RIGHTS OF THE PROPERTY.**

14 **(D) THE DEPARTMENT SHALL DEPOSIT THE PENALTIES COLLECTED**
15 **UNDER THIS SECTION INTO THE FUND ESTABLISHED IN § 14-122 OF THIS**
16 **SUBTITLE.**

17 14-122.

18 (a) There is an Oil and Gas Fund.

19 (b) The Fund consists of:

20 (1) Fees collected by the Department under § 14-105 of this subtitle;

21 **(2) MONEY COLLECTED BY THE DEPARTMENT UNDER § 14-113.1**
22 **OF THIS SUBTITLE;**

23 **[(2)] (3)** Funds appropriated by the General Assembly for deposit to
24 the Fund;

25 **[(3)] (4)** Fines and bond forfeitures collected by the Department in
26 accordance with this subtitle that exceed the amount necessary to restore a site; **[and]**

27 **(5) ADMINISTRATIVE PENALTIES COLLECTED UNDER § 14-120.1**
28 **OF THIS SUBTITLE; AND**

1 **[(4)] (6)** Any additional money made available from any sources,
2 public or private, for the purposes for which the Fund has been established.

3 (c) (1) The Fund is a special, nonlapsing fund that is not subject to §
4 7–302 of the State Finance and Procurement Article.

5 (2) Notwithstanding any law to the contrary, unused money in the
6 Fund may not revert to the General Fund.

7 (d) The Fund shall be maintained and administered by the Department in
8 accordance with the provisions of this subtitle and any regulations the Department
9 adopts.

10 14–123.

11 **(A) [The] SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE**
12 Department shall use money in the Fund solely to administer and implement
13 programs to oversee the drilling, development, production, and storage of oil and gas
14 wells, and other requirements related to the drilling of oil and gas wells, including all
15 costs incurred by the State to:

16 (1) Review, inspect, and evaluate monitoring data, applications,
17 licenses, permits, analyses, and reports;

18 (2) Perform and oversee assessments, investigations, and research;

19 (3) Conduct permitting, inspection, and compliance activities; and

20 (4) Develop, adopt, and implement regulations, programs, or
21 initiatives to address risks to public safety, human health, and the environment
22 related to the drilling and development of oil and gas wells, including the method of
23 hydrofracturing.

24 **(B) ANY MONEY DEPOSITED IN THE FUND IN ACCORDANCE WITH §**
25 **14–113.1 OF THIS SUBTITLE SHALL BE USED BY THE DEPARTMENT TO PAY FOR**
26 **THE STUDY REQUIRED UNDER EXECUTIVE ORDER 01.01.2011.11 ISSUED ON**
27 **JUNE 6, 2011, BY THE GOVERNOR.**

28 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of the
29 Environment may use the money collected under § 14–113.1 of the Environment
30 Article, as enacted by Section 1 of this Act, to reimburse the Department of the
31 Environment and the Department of Natural Resources for past expenditures relating
32 to the study required under Executive Order 01.01.2011.11 issued on June 6, 2011, by
33 the Governor.

1 SECTION 3. AND BE IT FURTHER ENACTED, That, notwithstanding §
2 13–107 of the State Finance and Procurement Article, the Department of the
3 Environment and the Department of Natural Resources may enter into sole source
4 agreements for goods or services in order to expedite completion of the study required
5 under Executive Order 01.01.2011.11 issued on June 6, 2011, by the Governor.

6 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the
7 General Assembly that the Department of the Environment and the Department of
8 Natural Resources use the money collected under § 14–113.1 of the Environment
9 Article as enacted by Section 1 of this Act, to complete, on or before August 1, 2013,
10 the study required under Executive Order 01.01.2011.11 issued on June 6, 2011, by
11 the Governor.

12 SECTION ~~4~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take
13 effect June 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.